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6 SEM TDC ECO M 3

2015

(May)

ECONOMICS

(Major)

Paper : 603

(International Economics)

Full Marks : 80

Time : Three hours

***The figures in the margin indicate
full marks for the questions.***

1. Answer the following / Choose the correct answer : 1×8=8
 - (a) Mention one factor that cause balance of payments disequilibrium.
 - (b) Point out *any one* objective of exchange control.
 - (c) Give *one* example of non-tariff barrier.
 - (d) What is reciprocal demand ?

Contd.

- (e) Mention *one* difference between balance of trade and balance of payments.
- (f) Under which of the following systems does a Government allow the market forces to determine the currency value ?
 - (i) Rigid exchange rate
 - (ii) Flexible exchange rate
 - (iii) Standard exchange rate
 - (iv) implicit exchange
- (g) Which of the following theories states that a labour-rich country should concentrate on production and export of labour-intensive products ?
 - (i) Ricardian theory
 - (ii) Heckscher-Ohlin theory
 - (iii) Smith's theory
 - (iv) Technological gap model
- (h) The domestic support to farmers that are trade distorting said as
 - (i) Amber Box measures
 - (ii) Green Box measures
 - (iii) Blue Box measures
 - (iv) None of the above

2. Write short notes on ***any four*** of the following : 4×4

- (a) Components of Balance of Payments.
- (b) Immiserising growth

- (c) Significance of foreign capital
- (d) Mint Parity theory
- (e) Objectives of WTO
- (f) Functions of foreign exchange market.

*Answer the following within **500** words each.*

3. (a) Discuss Haberler's restatement of comparative cost theory in terms of opportunity cost. Point out the merits of Haberler's approach over Ricardian approach. 8+3

Or

- (b) What is meant by reciprocal demand? Define an offer curve. Explain the process of determination of equilibrium exchange rate with the help of offer curves. 2+2+7

4. (a) Critically discuss Myrdal's theory of backwash effect. 12

Or

- (b) What are terms of trade? Discuss Prebisch-Singer views on secular deterioration in the terms of trade. 2+10

5. (a) What is globalisation? Explain the positive and negative effects of globalisation. 2+9

Or

- (b) Distinguish between foreign direct investment and portfolio investment. What are the pitfalls of portfolio investment for a developing country? 4+7

6. (a) (i) What is meant by exchange rate? How is equilibrium rate of exchange determined? 2+5
(ii) Briefly discuss the concepts of spot and forward exchange rates. 4

Or

- (b) Discuss the Purchasing Power Parity theory of exchange rate determination. 11

7. (a) (i) What are the main features of Bretton Wood's system? 7
(ii) Mention the shortcomings of Gold standard. 4

Or

- (b) Explain the functions of IMF. Briefly discuss the uses of special Drawing Rights. 7+4